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MEMORANDUM FOR: Mr Harry Houston
OAS.

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J 7 May 71
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

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Comments on each Jefferson column of 5 May 1971

The Jack Anderson column in the Washington Post on 5 May 1971 also ascribed CIA involvement in the heroin traffic between Laos and South Vietnam. The article also dwells upon the suspected complicity of high level military and government officials of those countries in the narcotics traffic. Some of the charges made by Mr. Anderson appear unfounded while others can be readily documented.

Mr. Anderson states that CIA's Air America aircraft have been used to transport drugs from northern Laos to Vientiane. He does admit, however, that there is no evidence of official CIA policy in support of this air operation. The article then describes how the "deadly drug is transported across opium fields in Laos to the battlefields of South Vietnam". According to his information, "the raw opium is landed from deep in northern Laos in rough boxes and into the Laotian town of Ban Houei Sal [sic] with former Communist Chinese soldiers turned drug smugglers riding shotgun on the cargo plane. At Ban Houei Sal [sic] the Laotian army commander, General Ouan Kham, takes over. He supervises the shipment of opium into Vientiane, using American-supplied planes and protecting the smuggled cargoes with U.S. military arms". The article then goes on to state that, "once it reached Vientiane, the morphine base is processed in General Pathet Lao's labs into heroin, and heroin". Mr. Anderson also claims that the heroin operation throughout Laos is "protected and abetted" by Prince Boun Oum, Inspector General of Laos. It is then alleged that the processed heroin is flown into South Vietnam aboard military and civilian aircraft and that "some of the carefully wrapped packages of the white powder are air dropped near U.S. troop encampments in the fields" or, "reaches the troops after being landed at outlying air strips or flown directly into Saigon's Tan Son Nhut airport". Here the heroin passes into illicit channels with "Vietnamese custom officials looking the other way". The article identifies South Vietnamese Premier Tran Thien Khieu, "as the man behind the corruption of the customs agents".

With respect to the Anderson article, the following points can be made:

A. While it is possible that some narcotics have been smuggled aboard Air America aircraft at one time or another, investigations revealed culpability on the part of the airline. In the opinion of a Special Investigative Team which undertook a thorough examination of the situation in July and September 1969, "Air America, Inc. was not used as a smuggling vehicle." However, poor handling of commercial cargo and the laxity of IACO controls in Vientiane and Paksong with respect to the operation of Royal Air IACO aircraft provided opportunities for smuggling contraband aboard IACO flights. There have been numerous reports involving planes of Royal Air IACO and the Royal Lao Air Force in the narcotics traffic of Southeast Asia. These aircraft were originally supplied by the U.S. but are not under U.S. control.

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B. Raw opium is not hauled from deep in Laos through Burma into Ban Houei Sai (not Ban Bouei Sai). In earlier years opium grown in northern Laos was transported to nearby village markets where it was purchased by Chinese merchants who then shipped it down to the refineries along the Mekong River. These shipments never transited Burma. However, the major opium-producing areas of northern Laos, i.e., Muang Saly, Xiang Khouang, and Muong Na, have since fallen under the control of the Pathet Lao and North Vietnamese. Opium production in these areas is still being encouraged by the Communists although the market for the heroin reportedly produced there is not known. Most of the opium reaching southern Laos today is produced in Burma and escorted to the Mekong River refineries by Chinese irregulars and members of Burmese Self-Defense Forces.

C. General Ounne Rathikoun is substantially involved in the narcotics traffic of Laos. His role is believed to be that of a protector rather than an owner although a syndicate headed by him was reportedly purchasing narcotics through 1969. The products of the Mekong refineries are usually transported to the vicinity of Ban Houei Sai under the protection of General Rathikoun and placed aboard aircraft of the Royal Lao Air Force and flown to Vientiane, Savannakhet, Pakse, and Luang Prabang.

D. Although the processing of morphine base into #4 heroin may take place in Vientiane, we have no information connecting General Rathikoun with this operation.

E. We have no information supporting the allegation that Prince Souvann Oum is involved in the heroin operation.

F. It is doubtful that a product as valuable as heroin would be dropped or landed near U.S. troop emplacements for security reasons. However, narcotics are reaching South Vietnam through flights into Tan Son Nhut airport in Saigon where customs officials appear to be either incompetent or criminally involved.

G. We have no information to connect Premier Tran Thien Khiem with the corruption of custom agents.

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